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APPENDIX B
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Peoples Gas Inc

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed:

Nov. 13, 2007

Date Rates to be Effective:

Dec. 1, 2007

Reporting Period is Calendar Quarter Ended:

July 31, 2007

SCHEDULE I
GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	11,3513
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	
+ Balance Adjustment (BA)	\$/Mcf	
<u>= Gas Cost Recovery Rate (GCR)</u>	<u>\$/Mcf</u>	<u>11,3513</u>

GCR to be effective for service rendered from Aug. 2007 to Dec. 2007

A.	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	112,120.93
	+ Sales for the 12 months ended <u>July 2007</u>	Mcf	9877.40
	<u>= Expected Gas Cost (EGC)</u>	<u>\$/Mcf</u>	<u>11,3513</u>
B.	<u>REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Supplier Refund Adjustment for Reporting Period (Sch. III)	\$/Mcf	
	+ Previous Quarter Supplier Refund Adjustment	\$/Mcf	
	+ Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	
	+ Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	
	<u>= Refund Adjustment (RA)</u>	<u>\$/Mcf</u>	
C.	<u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	
	+ Previous Quarter Reported Actual Adjustment	\$/Mcf	
	+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	
	+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	
	<u>= Actual Adjustment (AA)</u>	<u>\$/Mcf</u>	
D.	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	
	+ Previous Quarter Reported Balance Adjustment	\$/Mcf	
	+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	
	+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	
	<u>= Balance Adjustment (BA)</u>	<u>\$/Mcf</u>	

SCHEDULE II
EXPECTED GAS COST

Actual* Mcf Purchases for 12 months ended <u>July 2007</u>					
(1)	(2)	(3)	(4)	(5)**	(6)
Supplier	Dth	Btu Conversion Factor	Mcf	Rate	(4)x(5) Cost
Columbia Gas			11,066	10.7837	119,332.42

Totals

Line loss for 12 months ended July 31, 2007 is 11 % based on purchases of 11,066 Mcf and sales of 9,877.40 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	119,332.42
÷ Mcf Purchases (4)	Mcf	<u>11,066</u>
= Average Expected Cost Per Mcf Purchased	\$/Mcf	10.7837
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	<u>10,397.26</u>
= Total Expected Gas Cost (to Schedule IA.)	\$	112,120.93

*Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.

**Supplier's tariff sheets or notices are attached.

SCHEDULE IV
ACTUAL ADJUSTMENT

For the 3 month period ended July 2007

<u>Particulars</u>	<u>Unit</u>	Month 1 <u>(May)</u>	Month 2 <u>(June)</u>	Month 3 <u>July</u>
Total Supply Volumes Purchased	Mcf	670	320	255
Total Cost of Volumes Purchased	\$	4217.53	1906.55	1906.55
÷ Total Sales (may not be less than 95% of supply volumes)	Mcf	636.50	304.00	242.25
= Unit Cost of Gas	\$/Mcf	6.63	6.27	7.87
- EGC in effect for month	\$/Mcf	9.1990	9.1990	9.1990
= Difference [(Over-)/Under-Recovery]	\$/Mcf	<2.565>	<2.929>	<1.329>
x Actual sales during month	Mcf	540.6	477.1	274.9
= Monthly cost difference	\$	1388.8	1397.43	365.34

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	3151.57
÷ Sales for 12 months ended <u>July 2007</u>	Mcf	987.40
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	3200